



House of Representatives

General Assembly

File No. 216

January Session, 2001

Substitute House Bill No. 6619

House of Representatives, April 10, 2001

The Committee on General Law reported through REP. FOX of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CONSUMER FINANCIAL INFORMATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 42-371 of the general statutes is repealed and the following
2 is substituted in lieu thereof:

3 (a) As used in this section:

4 (1) "Retailer" means any person who sells goods used primarily for
5 personal, family or household purposes to a person who is not in the
6 business of reselling such goods;

7 [(2) "Discount card or device" means any card or device issued by a
8 retailer to a consumer, that the consumer may use to obtain a discount
9 when making purchases from the retailer, including, but not limited to,
10 a scanner card;]

11 [(3)] (2) "Consumer" means an individual who is an actual or
12 prospective purchaser of goods used primarily for personal, family or

13 household purposes; and

14 [(4)] (3) "Consumer information" means information that identifies a
15 consumer and that is obtained by a retailer. [from the consumer's use
16 of a discount card or device issued by the retailer in the course of the
17 retailer's business.]

18 (b) No retailer [who issues, or has issued, a discount card or device
19 in this state to a consumer] may sell, lease [or relinquish] to, or
20 exchange for value with, any other person, firm or corporation any
21 consumer information, unless (1) the retailer provides reasonable prior
22 written notice to the consumer, (2) the retailer provides the consumer
23 with the option [, at the time the consumer applies for the discount
24 card or device or at the time the consumer receives an unsolicited
25 discount card or device,] of preventing the retailer from selling, leasing
26 or [relinquishing] exchanging for value such information, and (3) the
27 consumer does not exercise such option to prevent the retailer from
28 selling, leasing or [relinquishing] exchanging for value such
29 information.

30 (c) Such notice shall (1) state that information identifying the
31 consumer may be sold, leased [or relinquished] to, or exchanged for
32 value with, other persons, firms or corporations, (2) describe the
33 purposes for which such information would be used, and (3) include a
34 form the consumer may use to prevent the retailer from selling, leasing
35 or [relinquishing] exchanging for value such information.

36 (d) Nothing in this section shall be construed to supersede the
37 federal Fair Credit Reporting Act (15 USC 1681 et seq.).

38 [(e) The provisions of this section do not apply to the sale, lease or
39 relinquishing of consumer information by a retailer to another person,
40 firm or corporation that directly or through one or more
41 intermediaries, controls, or is controlled by, or is under common
42 control with, such retailer.

43 (f) Notwithstanding the provisions of subsection (b) of this section, a
44 retailer may relinquish consumer information to (1) a credit rating
45 agency, as defined in section 36a-695, or a consumer reporting agency,
46 as defined in 15 USC 1681 et seq., provided such information may be
47 relinquished only if the discount card or device also functions as a
48 credit card, as defined in section 53a-128a, (2) a person, firm or
49 corporation performing or providing services used for the delivery of
50 such retailer's promotional offers, or (3) a person, firm or corporation
51 performing or providing services used for the delivery of such
52 retailer's billing statements.]

53 [(g)] (e) Any violation of any provision of this section shall be
54 deemed an unfair or deceptive trade practice under subsection (a) of
55 section 42-110b.

GL **JOINT FAVORABLE SUBST.**

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Consumer Protection

Municipal Impact: None

Explanation

State Impact:

The bill expands existing consumer protections against the dissemination of consumer information, and makes them subject to the Connecticut Unfair Trade Practices Act. Under the Unfair Trade Practices Act, the Department of Consumer Protection (DCP) has two methods for resolving complaints, 1) formal administrative hearings; or 2) forwarding the complaint to the Attorney General's office for litigation. If most of the cases are handled administratively by DCP, the workload increase to the Office of the Attorney General is expected to be minimal and can be handled within the agency's anticipated budgetary resources. Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, the extent of the additional revenue cannot be determined, as it would depend upon the number of violations which occurred and the amount of the penalties that are imposed. There would be a minimal workload increase for the DCP associated with increased consumer inquiries and complaints and the possible hearings as a result of this bill. This, along with other minimal cost bills, could cause the Department of Consumer

Protection to go beyond the anticipated budgetary resources of the agency.

OLR Bill Analysis

sHB 6619

AN ACT CONCERNING CONSUMER FINANCIAL INFORMATION.**SUMMARY:**

This bill expands existing consumer protections against dissemination of consumer information. It applies the restrictions to all retailers, instead of just those that issue discount cards or devices. It prohibits retailers from trading, as well as selling or leasing, consumer information without the consumer's consent. The bill eliminates exemptions that allow disclosure (1) between and among parent and subsidiary companies, (2) to credit rating or consumer reporting agencies in cases where a discount card is used as a credit card, and (3) for the purposes of the retailer's own promotional offers or billing statements. The bill deletes language that prohibits retailers from disclosing consumer information for no consideration.

EFFECTIVE DATE: October 1, 2001

CONSUMER INFORMATION

The bill expands consumer information to include any information identifying a consumer obtained by a retailer. Current law restricts it to information gathered from the consumer's use of the retailer's discount card or device.

The law prohibits retailers from selling or leasing consumer information without giving the consumer reasonable prior written notice and an opportunity to prevent the disclosure. The written notice must (1) state that information identifying the consumer may be sold, traded, or leased to other persons, firms or corporations; (2) describe the purpose for which the information will be used; and (3) include a form the consumer may use to prevent the release of the information.

BACKGROUND

Discount Card or Device

A discount card or device is any card or device, such as a scanner card, issued by retailer that a consumer may use to obtain a discount when making a purchase.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 0